

**Joint Meeting of the
Nonprofit and Unincorporated Organizations Committee
of the Business Law Section
and
Exempt Organization Committee
of the Section of Taxation
With
Representatives from the Office of the California Attorney General
And
Representatives from the Franchise Tax Board**

Tuesday, July 22, 2008, 10:00 am to 1:00 pm

Location: Oakland Airport Hilton
Building 5, Empire Room

Minutes

1. Introductions

Lisa Runquist opened the meeting and took a roll-call to introduce all attendees.

Lisa Runquist
Louis Michelson
Paul Dostart
Martin Trupiano
Patrick Sternal
Leah Bishop
Nancy McGlamery
Gerry Laster
Jennifer Kassan
Cherie Evans
Lani Meanley Collins
Henry Lesser
Arthur Rieman

Bill Finestone
Elizabeth Bluestein
Joel Corwin
Thomas Olson
Luis Rodriguez
Barbara Rosen
Gary Wollberg
Brad Clark
Roger Geddes
Belinda Johns
Kelvin Gong
David Isaac
Vivian Tham

2. Report from Office of the Attorney General (Belinda Johns and Kelvin Gong)

Belinda Johns presented a brief report of current events and then conducted a Question & Answer session. A detailed description of the report and Q&A is available as a separate document on the Committee's Website at a link titled "Q&A Attorney General and Franchise Tax Board: July 22, 2008."

3. Report from Franchise Tax Board (David Isaac and Vivian Tham)

David Isaac presented a brief report of current events and then conducted a Question & Answer session. A detailed report of the Q&A session is available on the Committee's Website at a link titled "Q&A with Attorney General and Franchise Tax Board: July 22, 2008."

4. Updates on legislation

Cherie Evans provided a summary of the update on legislation that is being followed by the committee. A detailed report dated July 11, 2008 is available on the Committee's website under "Legislation Updates" and is also posted with the agenda of this meeting.

5. Status of proposed legislation

Cherie also reported on the status of the Committee's draft legislative proposals to amend Division 2 of the Nonprofit Corporation Law and the Revenue and Taxation Code. The proposals have been approved by the Business Law Section's executive committee, and will now go to the Board of Governors for final approval.

The Committee discussed any questions about the draft proposals. The proposals are posted on the Committee's website under "Committee Action in 2008".

Lisa Runquist reminded the Committee that when working on this year's proposals there were several additional suggestions of problems in the Code that should be addressed at a future time. She asked that if any Committee members have concerns about additional Code sections that need improvement, they should send suggested changes to Cherie Evans for discussion by the legislative subcommittee for next year's proposals. For next year, the legislative subcommittee also plans to look at any changes that have been made to General Corporation Law to consider whether conforming changes should be proposed in the Nonprofit Corporation Law.

6. Future possible legislation:

a. Emergency Worker Incident Victims Relief

Gerry Laster provided an update on the Emergency Worker relief proposal that the committee helped United Way to draft. The United Way has not yet moved this forward. A proposed federal bill is different from the proposed California bill, and it is unclear how they will be reconciled.

b. Additional suggestions concerning Rev & Tax Code Section 23701

The committee discussed with David Isaac of the FTB whether in future years the FTB might support expanding the 3500A beyond 501(c)(3)s. David agreed that the FTB

generally wants to be in conformity with almost all IRS exempt organization provisions. He will check with the FTB legal department as to whether the FTB would support such a proposal. The committee agreed to work with FTB on such a proposal if FTB wishes to go forward. Patrick Sternal, Paul Dostart, Martin Trupiano, Gerry Laster and Cherie Evans have volunteered to work on this matter.

7. Co-sponsoring programs with community foundations

In the absence of Michael Schley, Louis Michelson reported on the Committee's plan to put together educational programs for nonprofits throughout the State of California. The committee is inviting the Taxation section to join us in these efforts. The first four will be coordinated by Louis Michelson in Los Angeles, Lani Collins in Santa Barbara, Jennifer Kassan in the East Bay, and Gary Wollberg and Paul Dostart in San Diego. The Committee is seeking a volunteer to oversee the state-wide coordination of such a program on an ongoing basis.

8. Future Committee meetings

Lani Collins announced the date and location of the next meeting:

September 25 10:00 a.m. – 12:00 noon
Portola Hotel & Spa, Cottonwood I & II. (at State Bar Annual Meeting in Monterey) –

Program and Discussion: Governance Issues in the New 990: Does the IRS Have The Right To Tell Nonprofits How They are to be Governed? Presented by Lisa A. Runquist, Esq.

Lani also asked people to suggest topics to be presented at future meetings.

Future meeting schedule announced:

Friday October 24 10:00 a.m. - 12:00 noon – conference call
Thursday December 4 10:00 a.m. - 12:00 noon – Los Angeles

January TBA – Joint meeting with EO and Attorney General Office and FTB
10:00 a.m. – 1:00 p.m. (Lunch at noon) – Los Angeles

Friday February 27, 2009 10:00 a.m. – 12:00 noon – conference call

Friday April 3, 2009 10:00 a.m. – 12:00 noon – Oakland

May 22, 2009 10:00 a.m. – 12:00 noon – conference call

July TBA – Joint Meeting with EO and AG Office and FTB – Oakland

9. Proposed Program for Section Education Institute: Seeking Speakers

Lani announced that the section will propose the following program for the SEI Section Education Institute of the Business Law Section of the State Bar

January 2009 -- *Proposed Program:*

What Your Nonprofit Needs to Know About Government Regulations

Description: Governmental oversight of nonprofits continues to increase. How can your nonprofit remain in compliance? What steps will preserve its exempt status? Come find out!

Program Length: 2 hours

The Committee is seeking people who would be interested in speaking on this topic.

10. Other announcements

- a. The Loyola / IRS Western Conference on Tax Exempt Organizations will be held Nov. 20/21 in Los Angeles.
- b. The State Bar Taxation Section annual meeting and California Tax Policy Conference will be held in San Francisco on Nov. 6-8. There will be 3 panels on Exempt Organization issues during this meeting.